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Global markets

European natural gas prices rose sharply, reaching a two-month high of €43.30/MWh yesterday following a hefty 39.5% daily increase, before dropping below €38/MWh earlier today, albeit still well above late July €25.40/MWh low, on news of a possible strike that could affect Australian LNG exports. Oil prices also edged up amid supply jitters, with Brent crude marking a fresh 6½ month high near $88.10/bbl earlier today and approaching year-to-date highs of $89.09/bbl marked in late January. Against this backdrop, EGBs came under pressure, with futures now assigning a 40% chance of a 25bps ECB rate hike in September, up from 30% earlier this week. On the flipside, the implied probability that the Fed's rate-hike cycle has come to an end increased above 50% amid rising expectations of a soft US landing scenario ahead of today's July CPI report, helping the EUR/USD to rise above 1.10 earlier today. Meanwhile, risk-off sentiment prevailed, also affected by China's data showing an annual decline in CPI in July for the first time in two years.

Greece

Today ELSTAT is scheduled to announce the Industrial Production Index (IPI) for Jun-23. In the 2-month period from Apr-23 to May-23, the average IPI posted an annual increase of 2.9%, from a rise of 2.0% in Q1 2023, whereas compared to its average value in Q1 2023 retreated by 0.8% (+2.4% QoQ in Q1 2023). Similarly, the manufacturing production index increased on an annual basis by 3.2% in the period from Apr-23 to May-23, from a strong rise of 7.8% in Q1 2023, nevertheless dropped steeply (3.4%) relative to its average value in Q1 2023 (+2.8% QoQ in Q1 2023). Given that the S&P's Global PMI manufacturing index stood at 51.8 in Jun-23, from 51.5 in May-23, that is above the boom-bust threshold of 50, today's release by ELSTAT may reveal a solid performance of the manufacturing sector in Jun-23, contributing positively on the annual growth rate of real GDP in Q2 2023.

CESEE

The external goods balance improved in June in Cyprus and Hungary, thanks to higher exports and declining imports in both cases. Specifically, exports of goods widened by 9.3%YoY, after a 13.9%YoY fall in May, whereas imports shrunk by 18.3%YoY, the strongest fall so far in 2023. As a result, the goods deficit narrowed by 27.2%YoY. The June improvement is exclusively owed to the ships deficit, which was close to zero (€509k,) after an extraordinary deficit of €325.3mn a year ago. On the contrary, the deficit in all the other goods categories widened by 13.3%YoY, due to higher imports (+7.2%YoY) and fewer exports (-6.6%YoY). The Q2-2023 balance improved by 15.9%YoY, after a worsening of 57.1%YoY in Q1. In Hungary, imports shrunk for a third consecutive month, by 4.7%YoY, as in May, while the expansion in exports accelerated to 11.1%YoY from 6.2%YoY a month earlier, resulting to a surplus of €1.48bn compared to a deficit of €440mn a year ago. In Q2-2023 the goods balance was positive by €2.98bn, against a surplus of 1.05bn in Q1.

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